December 15, 2006

Summary Report:
Third Party Complaint Regarding MSI Garment, Cambodia

Complaint

On June 10, 2006, the Fair Labor Association (FLA) received a Third Party Complaint filed by a group of workers (who requested confidentiality) regarding MSI Garment Co., Ltd., a factory located in Phnom Penh, Cambodia. The complainant alleged non-compliance with respect to the Freedom of Association provision of the Workplace Code of Conduct. The complainant specifically alleged the existence of a yellow union (union controlled by management), workers being forced to pay union dues, and issues surrounding short-term contracts.

On July 6, the FLA initiated a Third Party Complaint at Step 2, and notified the complainant and the FLA affiliated company mentioned in the complaint (Phillips-Van Heusen) about its action. Pursuant to Step 2, the FLA company had up to 45-days to conduct an assessment and report back to the Executive Director in writing as to whether noncompliance with the FLA Workplace Code of Conduct occurred and, if so, whether and how it had been remedied.

Assessment by Company

During the 45-day period, Phillips-Van Heusen (PVH) officials met with representatives of the Better Factories Cambodia program,¹ MSI Garment management, and representatives of the three trade unions active at the factory Cambodian Union Federation (CUF), Cambodia Industry Union Federation (CIUF), and Cambodian Federation of Independent Trade Unions Cambodian (CFITU). PVH officials also interviewed MSI Garment workers.

The PVH assessment indicated that:

- Freedom of association is respected by the factory, and workers choose to join or not to join a union.

- After speaking with all three union representatives and a random selection of workers, PVH officials were unable to corroborate any of the issues raised in the complaint.

¹ The Better Factories Cambodia program of the International Labor Organization (ILO) monitors and reports on working conditions of Cambodian garment factories according to national and international labor standards. Better Factories Cambodia first monitored MSI Garment in September 2002 and subsequently named and reported on its progress in February 2004 and August 2005.
• The trade unions at MSI Garment work together on specific issues, like short-term contracts.\(^2\)

• MSI Garment enjoys a relatively good labor-management relationship.

The assessment did identify that the factory lacked a policy and procedure on Grievances. PVH recommended that MSI Garment adopt a written grievance policy and procedure.

**FLA Follow-Up**

Despite repeated requests, the complainant did not provide the FLA with information corroborating the complaint.

**Conclusion and Next Steps**

In view of the assessment report provided by PVH, information gathered from other sources, interviews with civil society actors, and the failure of the complainant to provide corroborating information, the FLA has formally closed the case at Step 2 of the FLA Third Party Complaint process. No additional steps are recommended at this time.

\(^2\) An issue regarding short-term contracts did exist at MSI Garment until the Ministry of Labor settled the complaint on May 28, 2005.